

Message Text

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C O N F I D E N T I A L KUWAIT 0846

E.O. 11652: GDS

TAGS: MASS, KU

SUBJECT: KUWAITI MONEY PROBLEMS TO DELAY FMS PROGRAMS

REF: KUWAIT 0622 DTG 070726Z FEB 76

SUMMARY: CHIEF OF KUWAITI GENERAL STAFF HAS ADMITTED TO EMBASSY THAT MINISTRY OF DEFENSE UNABLE TO SIGN MAJOR OUTSTANDING LETTERS OF OFFER FOR IHAWK UNTIL ADDITIONAL FUNDS AUTHORIZED BY NATIONAL ASSEMBLY. WHILE GOK UNDOUBTEDLY CAN EXERT PRESSURE IT UNCERTAIN HOW SOON ASSEMBLY WILL ACT. UNDER CIRCUMSTANCES, USG MUST EXPECT SOME ADDITIONAL DELAYS IN MOVING FORWARD WITH IHAWK AND, POSSIBLY, OTHER FMS PROGRAMS. END SUMMARY

1. SINCE DEPARTURE DOD TEAM DESCRIBED REFTEL -- WHICH BRIEFED GOK IN DETAIL ON IHAWK AND GAINED GENERAL KUWAITI ACCEPTANCE RELATED FMS PROGRAMS -- EMBASSY HAS PRESSED ALMOST DAILY FOR GOK SIGNATURE OUTSTANDING LETTERS OF OFFER. HOWEVER, LOA'S FOR MAJOR IHAWK CASES REMAIN UNSIGNED. AT A MEETING ON FEBRUARY 17, CHIEF OF GENERAL STAFF (MUBARAK) ADMITTED THAT MINISTRY OF DEFENSE IS OUT OF FUNDS AND NO LONGER HAS AUTHORITY TO OBLIGATE NECESSARY FUNDS. LOA'S ARE BEING HELD PENDING PASSAGE OF SUP-
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PLEMENTAL APPROPRIATION BY KUWAIT NATIONAL ASSEMBLY. ACCORDING

TO MUBARAK, COUNCIL OF MINISTERS ALREADY HAS SENT TO NATIONAL ASSEMBLY REQUEST FOR ADDITIONAL DEFENSE MONIES (RUMORED TO BE BETWEEN \$400 - \$1,000 MILLION). HOWEVER, HE UNABLE TO PREDICT WHEN PARLIAMENTARY APPROVAL WILL BE OBTAINED.

2. THE LIKELIHOOD OF PROMPT AND FAVORABLE CONSIDERATION OF MOD REQUEST BY THE ASSEMBLY IS DEPENDENT ON THE DEGREE OF EFFORT AND MUSCLE THE GOK WANTS TO BRING TO BEAR. THE ASSEMBLY HAS BEEN PLAGUED BY ABSENTEEISM (THE WEATHER IS NICE) AT A TIME WHEN SEVERAL ITEMS OF CONSIDERABLE IMPORTANCE TO THE GOVERNMENT ARE HANGING FIRE. THE HOUSING PROBLEM LOCALLY IS A VERY HOT POLITICAL ISSUE AND SUPPLEMENTARY FUNDING SOUGHT BY THE NATIONAL HOUSING AUTHORITY (\$3 BILLION) MIGHT BE GIVEN PRECEDENCE OVER THE DEFENSE MINISTRY'S REQUEST, AT LEAST IN PRIORITY FOR HEARINGS/DEBATE. ALSO, A POSSIBLE CONFRONTATION BETWEEN THE CABINET AND THE ASSEMBLY OVER THE LATTER'S REPLY TO THE AMIRI SPEECH WILL COMPLICATE MATTERS (SEE KUWAIT 842 AND 744).

3. IN THE EMBASSY'S JUDGMENT, THE GOK WILL NOT WANT TO PUT ITS REQUEST FOR ADDITIONAL DEFENSE FUNDS AT THE TOP OF THE AGENDA AND DRAW ADDITIONAL ATTENTION THERETO UNTIL IT IS CERTAIN OF APPROVAL. THIS IS AN ISSUE WHICH SHOULD SPARK CONSIDERABLE DEBATE AND COULD PLACE THE GOVERNMENT IN A POSITION IT WOULD REGARD AS EMBARRASSING UNLESS THE GROUNDWORK IS PROPERLY LAID. (FYI - THE ASSEMBLY'S 1973 AUTHORIZATION FOR \$1.4 BILLION FOR DEFENSE -- TO BE SPENT OVER SEVEN YEARS -- WAS MADE FOLLOWING A FIVE-HOUR SECRET MEETING WITH THE ASSEMBLY'S MILITARY AFFAIRS COMMITTEE AND WAS PASSED BY THE ASSEMBLY ON THE FOLLOWING DAY. THE ACTION TOOK PLACE IN JULY, WHEN THE ASSEMBLY DESIRED TO ADJOURN, AND THE MEMORY OF THE MARCH IRAQI ATTACK ON THE KUWAITI BORDER POLICE POST AT SAMETA WAS STILL FRESH. ASSEMBLY SCRUTINY OF DEFENSE SPENDING NOW WILL BE MORE CAREFUL AND DELIBERATE.)

4. IT APPEARS THAT THE GOK HAS ABANDONED ITS FORMER APPROACH OF ARBITRARILY LIMITING THE IHAWK PROGRAM TO AVAILABLE FUNDS IN FAVOR OF GETTING THE ADDITIONAL MONIES REQUIRED FOR REASONABLE EXECUTION. THE TIME ELEMENT IN THIS APPROACH WILL CAUSE MAJOR PROBLEMS FOR BOTH THE GOK AND USG IN THIS AND OTHER FMS PROGRAMS. HOWEVER, UNTIL THE NATIONAL ASSEMBLY ACTS, THERE APPEARS LITTLE PROSPECT ANY SIGNIFICANT OUTSTANDING FMS CASE WILL BE ACCEPTED.
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5. THE EMBASSY WILL COMMENT ON THE IMPLICATIONS OF THE ABOVE ON USLOK MANNING AND THE KUWAITI DESIRE TO PURCHASE ARMORED PERSONNEL CARRIERS AND SELF-PROPELLED ARTILLERY IN SEPTELS.
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